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NOTES AND MEMORANDA

THE BRITISH REPORT UPON REAL WAGES IN AMERICA AND ENGLAND

This document¹ is the fifth of a series of reports upon working-class conditions in various countries. Its predecessors have dealt with the United Kingdom, Germany, France, and Belgium.² Since the general plan of inquiry has been substantially uniform in all cases, what has been said in these columns on the aims and methods of the British and German investigations need not be repeated concerning the American report.³

Twenty-eight towns, ranging from Boston and Duluth to Savannah and New Orleans, are included in the survey. A special article is devoted to each place in the body of the report, while the data collected uniformly in all the towns are summarized in the introduction. These data include the predominant rates of wages in the building, engineering, and printing trades; the predominant rents paid for working-class dwellings; the "prices most usually paid" by wage-earners for staple foods; and 7,616 family budgets. All of the statistics refer to February, 1909, except that wages in the building trades were taken for the following summer.

¹ *Cost of Living in American Towns* Report of an Enquiry by the Board of Trade into Working Class Rents, Housing, and Retail Prices, together with the Rates of Wages in certain occupations in the principal Industrial Towns of the United States of America. With an Introductory Memorandum and a Comparison of Conditions in the United States and the United Kingdom Cd. 5609 5s. 1d. London, 1911. Folio, pp xcii + 533

² A convenient digest of the principal conclusions drawn may be found in the Bulletin of the Bureau of Labor, March, 1911, pp. 557-570 The same issue contains a more extended summary of the present report, at pp 500-556.

³ *Quarterly Journal of Economics*, February, 1909, vol. xxiii, pp. 345-350.

Two sets of comparisons are worked out, the first between different American towns, the second between the United Kingdom and the United States. In the first set, index numbers are used, computed on the basis of New York rates represented by 100. The following table serves both to illustrate the methods employed and to present the leading results.

*Index Numbers of Wages, Rents, Food prices, and the approximate relative level of
"Real Wages" in American towns*

	Number of Towns	Wages of skilled men				Mean Rents	Food	Rents and Food combined	"Real wages"
		Building	Engineer- ing	Printing	Average for wages				
New York	1	100	100	100	100	100	100	100	100
New England Towns	6	82	77	82	80	66	103	94	85
Other Eastern Towns	4	91	84	87	87	68	100	92	95
Central Towns	6	90	85	86	87	71	97	90	97
Middle Western Towns	5	103	91	90	95	79	95	91	104
Southern Towns	6	87	92	86	88	75	103	96	92

No competent reader will make the blunder of supposing that these figures adequately represent the actual differences in the economic status of wage-earners in the north and south, east and west. And the uncritical reader is reminded frequently by the text of the report that the data are limited in scope and not strictly uniform in character. But there is one technical defect of the final figures which is likely to escape attention. The statisticians of the Board of Trade persist in combining money wages, rents, and cost of food by manipulating the respective index numbers, altho Mr. J. M. Keynes pointed out in 1908 that a mere shifting of the basis in these computations may alter the results. "Real wages" in London work out higher than in Ireland if money wages, rents, and prices in London are taken as 100, but higher in Ireland than in London if the Irish rates are made the basis.¹ In the present

¹ See the review of the British report in this Journal, referred to above.

report extensive re-computations would be necessary to determine how far the ranking of different American towns in "real wages" is due to the arbitrary choice of New York rates as 100, and how far it is due to significant differences in the original data.

The international comparisons are made by the same method as the American comparisons, except that the manipulation of the statistics is not carried to the final stage of computing relative "real wages." The leading conclusions drawn are that the money wages of skilled men in the building, engineering, and printing trades average 130 per cent higher in America than in England; that hours of work average 4 per cent less; that rents average 107 per cent more; and that the English working man's budget costs 38 per cent more in America than at home, while the American's budget costs 25 per cent more at home than in England. Thus the skilled American wage-earner appears to be decidedly better off than his English cousin; for his 130 per cent excess in money wages much more than offsets his 52 per cent excess in expenditure upon food and rent combined.

While these precise figures must be taken with broad qualifications, the conclusion that the economic condition of the classes studied is better in America than in England is abundantly confirmed by other evidence. The American dietary is found to be more liberal and more varied than the English, and the proportion of income left after paying rent and food bills is larger in America. Indeed, even the lowest income class of American families spend relatively less of their income upon food and rent than the highest income class of British families.¹ Thus the American family has a wider margin of income for buying non-necessaries, enjoys a higher standard of living, and can save more money if so disposed.

In addition to these main results, the report incidentally presents other interesting conclusions regarding the labor

¹ The "Americans" of this comparison include, besides Americans proper, Irish, English, Scottish, Welsh, and Canadian families living in the United States.

situation in America and England. As a whole, America is said to have "an abnormally large proportion of unskilled and semi-skilled to skilled workers, . . . a fact that would affect appreciably any general 'weighted' comparison between the level of wages in the two countries." On the other hand, America has a smaller "proportion of deteriorated labor unfit for employment." Both of these differences are ascribed in large measure to the enormous European immigration into the United States. For the immigrants as a class are physically fit and morally enterprising; and employers have taken advantage of their presence in the labor market to develop a system of intense specialization which enables them to utilize a large number of untrained men in work which elsewhere would be performed mainly by skilled hands. Interesting also are the views that agricultural openings continue to exercise great influence upon the economic position of American wage-earners, that the mobility of labor is unusually great, that the general standard of housing is being perceptibly improved, and that there is a noteworthy uniformity of retail prices in different sections of the country.

All in all, the series to which this report belongs furnishes both the most extensive and the best accredited data to be had by the man bent on comparing the economic condition of wage-earners in different lands. To the student interested primarily in American conditions the separate articles on our chief industrial towns will prove a valuable source of detailed information.

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